

## NEWS RELEASE

For Release --

The audit report of Community Cable Television Agency of O'Brien County for the years ended June 30, 2005 and 2004 has been released. This report was issued by Hunzelman, Putzier & Co., PLC, C.P.A.'s and filed with David A. Vaudt, Auditor of State.

A copy of the audit report is available for review in the office of the Auditor of State and the Agency's office.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

INDEPENDENT AUDITOR'S REPORTS

BASIC FINANCIAL STATEMENTS

SCHEDULE OF FINDINGS

JUNE 30, 2005 AND 2004

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SCHEDULE OF FINDINGS

JUNE 30, 2005 AND 2004

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COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Blayne Johnson	Chairperson	City of Hartley
Paul Struve	Vice-Chairperson	City of Paullina
Robert Mulder	2 <sup>nd</sup> Vice-Chairperson	City of Primghar
Bill Edwards	Member	City of Primghar
Tim Devitt	Member	City of Sanborn
D. J. Weber	Manager	

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.  
JEFFORY B. STARK, C.P.A.  
KEITH C. GERMANN, C.P.A.  
RICHARD R. MOORE, C.P.A.  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
W. J. HUNZELMAN, C.P.A. 1921-1997

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Independent Auditor's Report

To the Members of Community Cable  
Television Agency of O'Brien County:

We have audited the accompanying basic financial statements of Community Cable Television Agency of O'Brien County (the Agency) as of and for the years ended June 30, 2005 and 2004. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency at June 30, 2005 and 2004 and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Agency, has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated August 10, 2005 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Hunzelman, Putzier & Co.*

August 10, 2005

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2005 AND 2004

Exhibit A

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 318,139	\$ 484,651
Temporary cash investments	126,492	-
Accounts receivable - customers	27,016	23,626
Accounts receivable - access fees	128,114	58,630
Accounts receivable - other	21,642	17,973
Prepaid expenses	25,602	37,571
Total current assets	<u>647,005</u>	<u>622,451</u>
Non-current assets:		
Investments	201,760	-
Furniture and equipment at cost, less accumulated depreciation of \$31,793 and \$24,223 (Note 4)	<u>14,370</u>	<u>21,940</u>
	<u>216,130</u>	<u>21,940</u>
Total assets	<u>\$ 863,135</u>	<u>\$ 644,391</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 163,870	\$ 97,752
Accrued payroll taxes	5,778	2,897
Accrued vacation	7,720	7,847
Accrued sales tax	7,852	6,896
Accrued federal excise tax	2,164	1,800
Accrued property taxes	14,962	38,146
Customer prepayments	2,126	1,473
Customer deposits	20,850	14,925
Total current liabilities	<u>225,322</u>	<u>171,736</u>
Long-term liabilities:		
Liability for post retirement benefits	<u>67,612</u>	<u>60,397</u>
<u>NET ASSETS</u>		
Invested in capital assets	14,370	21,940
Restricted	460,373	202,058
Unrestricted	<u>95,458</u>	<u>188,260</u>
Total net assets (note 5)	<u>570,201</u>	<u>412,258</u>
Total liabilities and net assets	<u>\$ 863,135</u>	<u>\$ 644,391</u>

See notes to financial statements.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

Exhibit B

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Cable revenue	\$ 712,429	\$ 646,894
Telephone revenue	833,060	764,850
Carrier access fee revenue	646,655	783,630
Internet revenue	297,703	226,700
Modem purchases and rentals	19,710	24,110
Other operating revenues	1,240	4,926
Total operating revenues	<u>2,510,797</u>	<u>2,451,110</u>
<u>OPERATING EXPENSES</u>		
Cable services	411,467	362,068
Telephone services	477,110	337,926
Carrier access fees	238,491	282,206
Internet services	109,820	94,832
Billing fees	62,380	60,693
Salaries	249,876	252,829
Employee benefits	96,605	105,391
Repairs and maintenance	112,032	172,459
Oil and gas	9,529	8,435
Advertising	10,611	10,628
Professional fees	19,341	36,925
Property taxes	14,962	38,146
Utilities	29,833	26,246
Postage and shipping	3,219	3,824
Office supplies	7,466	9,108
Meeting expenses	3,531	3,581
Insurance	12,398	12,773
Education and training	126	98
Operating supplies	3,444	3,566
Depreciation	7,570	7,016
Equipment rental	81	178
Telephone	8,265	10,300
Service agreements	39,656	41,081
Clothing allowance	488	725
Bad debt expense	7,502	23,680
Dues and subscriptions	6,813	2,691
Board fees	3,900	2,349
Miscellaneous	1,909	733
Total operating expenses	<u>1,948,425</u>	<u>1,910,487</u>
Operating income	562,372	540,623
<u>NONOPERATING REVENUES</u>		
Interest income	<u>13,690</u>	<u>5,318</u>

(Continued)



COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

Exhibit B  
(Continued)

	<u>2005</u>	<u>2004</u>
Change in net assets	\$ 576,062	\$ 545,941
Net assets - beginning of year	412,258	470,534
Cumulative effect of accounting change on prior years	<u>-</u>	<u>(49,152)</u>
Net assets - beginning of year as restated	412,258	421,382
Residual equity transfers to member cities	<u>(418,119)</u>	<u>(555,065)</u>
	<u>(5,861)</u>	<u>(133,683)</u>
Net assets - end of year	<u>\$ 570,201</u>	<u>\$ 412,258</u>

See notes to financial statements.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

Exhibit C

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$ 2,442,152	\$ 2,549,944
Cash payments to suppliers for goods and services	(1,532,256)	(1,505,732)
Cash payments to employees for services	(343,727)	(351,071)
Net cash provided by operating activities	<u>566,169</u>	<u>693,141</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Payments to member cities	(418,119)	(555,065)
Purchase of furniture and equipment	-	(5,581)
Net cash used in financing services	<u>(418,119)</u>	<u>(560,646)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Sale of investments	75,000	-
Purchase of investments	(400,000)	-
Interest received	10,438	5,318
Net cash provided (used) by investing activities	<u>(314,562)</u>	<u>5,318</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>	(166,512)	137,813
Cash and cash equivalents at beginning of year	<u>484,651</u>	<u>346,838</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 318,139</u>	<u>\$ 484,651</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income	\$ 562,372	\$ 540,623
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,570	7,016
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(76,543)	92,357
Decrease in prepaid items	11,969	11,733
Increase (decrease) in payables	66,118	(6,892)
Increase (decrease) in other liabilities	(5,317)	48,304
Total adjustments	<u>3,797</u>	<u>152,518</u>
Net cash provided by operating activities	<u>\$ 566,169</u>	<u>\$ 693,141</u>

See notes to financial statements.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

1. Summary of Significant Accounting Policies

Community Cable Television Agency of O'Brien County (the Agency) was formed in 1996 pursuant to the provisions of Chapter 28E of the Code of Iowa. The Agency was formed to manage, administer, operate and maintain jointly owned facilities and equipment for the purpose of providing cable television, telephone, and internet services to the citizens of the participating communities.

The Agency is governed by a Board consisting of five representatives serving on staggered six-year terms. There is one representative from each of the following governmental entities: the City Council of Primghar, the Board of Trustees of the Sanborn Electric and Telecommunications Utility, the City Council of Hartley, and the City Council of Paullina. The fifth representative is appointed by mutual agreement of the majority of the representatives from the governmental entities noted above.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Agency are organized as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

C. Measurement Focus and Basis of Accounting - (Continued)

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Assets

The following accounting policies are followed in preparing the statements of Net Assets:

Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Furniture and Equipment - Furniture and equipment are accounted for at historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment is being depreciated over a five to ten year life.

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Compensated Absences - Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. The Agency's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2005.

2. Cash and Investments

The Agency's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Auditing Standards Board Statement Number 3.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

3. Pension and Retirement Benefits

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Agency is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004, and 2003. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$14,348, \$14,588, and \$13,912 respectively, equal to the required contribution for each year.

4. Furniture and Equipment

A summary of furniture and equipment at June 30, 2005 and 2004 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$46,163	\$ -	\$ -	\$46,163
Less accumulated depreciation	<u>24,223</u>	<u>7,570</u>	<u>-</u>	<u>31,793</u>
Net	<u>\$21,940</u>	<u>\$(7,570)</u>	<u>\$ -</u>	<u>\$14,370</u>

5. Net Assets

The net assets are allocated to the various members as follows:

	<u>Hartley</u>	<u>Paullina</u>	<u>Primghar</u>	<u>Sanborn</u>	<u>Total</u>
Contributed capital	<u>\$ 100,967</u>	<u>\$ 73,339</u>	<u>\$ 59,031</u>	<u>\$ 83,791</u>	<u>\$ 317,128</u>
Retained earnings at June 30, 2004 as restated	34,670	14,679	25,959	19,822	95,130
Change in net assets July 1, 2004 to June 30, 2005	187,694	131,281	139,185	117,902	576,062
Residual equity transfers	<u>(142,491)</u>	<u>(101,846)</u>	<u>(120,111)</u>	<u>(53,671)</u>	<u>(418,119)</u>
Retained earnings at June 30, 2005	<u>79,873</u>	<u>44,114</u>	<u>45,033</u>	<u>84,053</u>	<u>253,073</u>
Total net assets at June 30, 2005	<u>\$ 180,840</u>	<u>\$ 117,453</u>	<u>\$ 104,064</u>	<u>\$ 167,844</u>	<u>\$ 570,201</u>

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY  
NOTES TO FINACIAL STATEMENTS  
JUNE 30, 2005 AND 2004

5. Net Assets - (Continued)

	<u>Hartley</u>	<u>Paullina</u>	<u>Primghar</u>	<u>Sanborn</u>	<u>Total</u>
Accrual basis net assets:					
Invested in capital assets	\$ 4,634	\$ 3,220	\$ 2,697	\$ 3,819	\$ 14,370
Reserved for debt service	148,452	103,156	86,416	122,349	460,373
Unreserved	<u>27,754</u>	<u>11,077</u>	<u>14,951</u>	<u>41,676</u>	<u>95,458</u>
	<u>\$180,840</u>	<u>\$117,453</u>	<u>\$104,064</u>	<u>\$167,844</u>	<u>\$570,201</u>

Net assets reserved for debt service consist of amounts required to be set aside by each city's bond resolution up to a maximum amount of \$500,000.

6. Post Retirement Benefits Other Than Pensions

The Agency's sick leave policy provides that any full-time employee who elects to take retirement on IPERS or Social Security and has completed 180 months or more of continuous service to the Agency shall be compensated for up to 120 days of unused sick leave or prorated to the number of years of employment.

This accumulated benefit obligation was \$67,612 and \$60,397 for the years ended June 30, 2005 and 2004 respectively. The discount rate used in determining the present value of the accumulated postretirement benefit is 6.25%.

7. Risk Management

The Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Agency assumes liability for any deductibles and claims in excess of coverage limitations.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Significant Area Concentration Of Credit Risk

The Agency extends credit to its customers on terms no more favorable than standard terms of the industry it serves. The Agency's customers are located in the four member cities. The Agency's credit risks have been anticipated and management believes that adequate provision has been made for doubtful accounts.

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

To the Members of Community Cable  
Television Agency of O'Brien County:

We have audited the accompanying financial statements of Community Cable Television Agency of O'Brien County (the Agency) as of and for the year ended June 30, 2005, and have issued our report thereon dated August 10, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items (A) and (C) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the members and constituents of the Agency and other parties to whom the Agency may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Community Cable Television Agency of O'Brien County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Hungelman, Pietzner & Co.*

August 10, 2005



COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- A. Segregation of Duties - An important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated the activities of one employee act as a check on those of another. One person had control over each of the following areas for the Agency:

1. Accounting system - performance of all general accounting functions.
2. Receipts - collecting, depositing, journalizing, and posting.
3. Utility receipts - billing, collecting, depositing, posting, and reconciling.
4. Disbursements - preparing, recording, and reconciling.
5. Financial reporting - preparing, reconciling, and distributing.
6. Information system (computer usage) - performing all general accounting functions and controlling all data input and output.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response -

1. Accounting system is the responsibility of the office manager and is overseen by the general manager.
2. Receipts:
  - a. Cash and checks are verified and date-stamped by the front desk CSR.
  - b. Monies are given to the office assistant for posting to the customer account.
  - c. Office assistant prepares the deposit.
  - d. Office manager posts to accounting system and deposits at bank.
3. Utility receipts:
  - a. Each office person does billing.
  - b. Each city and office person does collecting and payments are recorded.  
See No. 2 for depositing and posting.
  - c. Reconciling is done by the office manager using our CPAS accounting system and is reviewed by the general manager.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

REPORTABLE CONDITIONS: (Continued)

A. Segregation of Duties - (Continued)

4. Disbursements:
  - a. The office manager does preparation and recording. Then all disbursements are approved by the general manager before final approval by the Board of Directors for The Community Agency.
  - b. Reconciling is done by the office manager using our CPAS accounting system and is reviewed by the general manager.
5. All financial reporting is prepared by the office manager and is reviewed by the general manager and the Board of Directors.
6. The computer usage is monitored and controlled by the general manager.

Conclusion - While the above procedures do improve the segregation of duties there may still be occasions when an ideal segregation cannot be obtained because of the limited number of employees. The board should continue to be involved in reviewing documentation and reports.

- B. Electronic Data Processing Systems - During our review of internal control, the existing control activities in the Agency's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the Agency's computer based systems were noted:

The Agency does not have written policies for:

- Ensuring that only software licensed to the Agency is installed on computers.
- Usage of the Internet.
- Personal use of computer equipment and software.

Recommendation - The Agency should develop written policies addressing the above items in order to improve the Agency's control over computer based systems.

Response - We are currently reviewing what policy needs to be implemented in regards to our software, internet, and personal usage of computers.

Conclusion - Response accepted.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

REPORTABLE CONDITIONS: (Continued)

- C. Utility Billings, Collections, and Delinquencies - Utility billings, collections, and delinquent accounts were not reconciled.

Recommendation - Procedures should be established to reconcile utility billings, collections, and delinquencies. The Agency should review the reconciliations and monitor delinquencies.

Response - We are currently trying to resolve the reconciled differences between our CPAS accounting software and the Martins billing system. Reconciliation is difficult due to the fact that the two systems report things at different times and we have no control of when the data is input on the Martin system. We are currently working toward a new billing system/accounting system that would be integrated. In the mean time the office manager is working on a reconciliation.

Conclusion - Response accepted.

Other Findings Related to Statutory Reporting:

1. Official Depositories - A resolution naming official depositories has been adopted by the Agency. The maximum amounts stated in the resolution were not exceeded during the year ending June 30, 2005. However, funds were deposited with Security State Bank prior to the resolution naming the bank.

Recommendation - The Agency should amend the resolution naming depositories prior to funds being deposited with the institution.

Response - The resolution of depository was amended in October, 2004.

Conclusion - Response accepted.

2. Questionable Expenses - No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
3. Travel Expense - No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.
4. Board Minutes - No transactions were found that we believe should have been approved in the board minutes but were not.
5. Deposits and Investments - No instances of non-compliance with the deposit and investment policy were noted.
6. Business Transactions - No business transactions between the Agency and Agency officials or employees were noted.

COMMUNITY CABLE TELEVISION AGENCY OF O'BRIEN COUNTY

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2005

Other Findings Related to Statutory Reporting: (Continued)

7. Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Agency to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Agency retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The Agency should obtain and retain an image of both the front and back of each cancelled check as required.

Response - Due to policy changes at the bank, a short period from December, 2004 to August, 2005 went by without copies of the backs of checks. Neither TCA nor the bank was aware that the backs were needed. Images of front and back are now kept.

Conclusion - Response accepted.

8. Telecommunication Services – No instances of non-compliance with Chapter 338.10 of the Code of Iowa were noted.